

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 11587 020704Z

ACTION COME-00

INFO OCT-01 EA-09 ISO-00 CIAE-00 EB-08 INR-07 LAB-04

NSAE-00 SIL-01 H-02 /032 W

-----039681 020706Z /17

R 020637Z AUG 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9807

UNCLAS TOKYO 11587

E.O. 11652: N/A

TAGS: ELAB, ETRD, JA

SUBJECT: ALLEGED JAPANESE GOVERNMENT SUBSIDY FOR LABOR COSTS

REF: A) STATE 171264, B) 76 TOKYO A-299

1. IN WAKE OF OIL SHOCK, SUBSEQUENT BUSINESS RECESSION AND HIGHEST UNEMPLOYMENT RATE IN 20 YEARS, DIET IN DECEMBER 1974 AMENDED AND EXPANDED JAPANESE UNEMPLOYMENT INSURANCE LEGISLATION TO PROVIDE, IN EFFECT, PARTIAL TEMPORARY GOVERNMENT SUBSIDY OF SALARIES OF WORKERS EMPLOYED BY FIRMS IN INDUSTRIES DESIGNATED BY THE MINISTRY OF LABOR AS SERIOUSLY AFFECTED BY ECONOMIC DOWNTURN. INSTEAD OF BEING LAID OFF AND JOINING THE RANKS OF UNEMPLOYED, THESE WORKERS ARE PLACED IN A PAID LEAVE CATEGORY AND MAY BE ASSIGNED TO SALES OUTLETS OF THE COMPANY, RETRAINING COURSES OR MUNICIPAL PUBLIC SERVICE PROJECTS. BECAUSE THE FIRM IN ORDER TO QUALIFY FOR THE SPECIAL STATUS HAS HAD TO CURTAIL PRODUCTION, THESE WORKERS ARE NO LONGER ON THE ASSEMBLY LINE. NEVERTHELESS, POSSIBLE THAT COMPLAINANT, CITED REF A, HAS ERRONEOUSLY CONCLUDED THAT THIS "PAYROLL SUBSIDY" TO AVOID SWELLING UNEMPLOYMENT ROLLS CONSTITUTES IN SOME WAY GOVERNMENT UNDERWRITING OF FIRM'S LABOR COSTS. FURTHER DISCUSSION OF THIS SYSTEM FOUND IN EMBASSY'S 1976 ANNUAL LABOR REPORT (REF. B).

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2. JAPANESE PLASTIC MOULDING INDUSTRY WAS DESIGNATED, IN 1975, BY LABOR MINISTRY AS ELIGIBLE FOR GOVERNMENT LABOR SUBSIDY, AND SEVERAL COMPANIES RECEIVED PAYMENTS FROM FEBRUARY 14, 1975 TO SEPTEMBER 30, 1975, IN ADDITION, 3,000 COMPANIES IN THE ELECTRICAL MACHINERY INDUSTRY RECEIVED PAYROLL SUBSIDIES FROM JANUARY 1975 TO MARCH 1977. WHETHER PIONEER CORP. RECEIVED SUBSIDIES

UNDER EITHER PLASTIC MOULDING OR ELECTRICAL MACHINERY
CATEGORY IS NOT KNOWN, AS LABOR MINISTRY WILL NOT MAKE
THIS INFORMATION PUBLIC.

3. SUGGEST YOU SUPPLY ABOVE INFORMATION TO CONGRESSIONAL
OFFICE MAKING ORIGINAL REQUEST.
MANSFIELD

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR, COSTS
Control Number: n/a
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Sent Date: 02-Aug-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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From: TOKYO
Handling Restrictions: n/a
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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Retention: 0
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Review Content Flags:
Review Date: 03-Nov-2004 12:00:00 am
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Review Exemptions: n/a
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Review Release Date: n/a
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SAS ID: 1412356
Secure: OPEN
Status: NATIVE
Subject: ALLEGED JAPANESE GOVERNMENT SUBSIDY FOR LABOR COSTS
TAGS: ELAB, ETRD, JA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/3fa1144f-c288-dd11-92da-001cc4696bcc
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